

1 HOUSE BILL NO. 594

2 INTRODUCED BY S. GALLUS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE PRIORITY OF A SECURITY INTEREST IN AN
5 ACCESSION; AMENDING SECTION 30-9-355, MCA; AND PROVIDING AN EFFECTIVE DATE."

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7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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9 **Section 1.** Section 30-9-355, MCA, is amended to read:10 **"30-9-355. (Effective July 1, 2001) Accessions.** (1) A security interest may be created in an
11 accession and continues in collateral that becomes an accession.12 (2) If a security interest is perfected when the collateral becomes an accession, the security
13 interest remains perfected in the collateral.14 (3) Except as otherwise provided in subsection (4), the other provisions of this part determine the
15 priority of a security interest in an accession.16 (4) (a) ~~A~~ Except as provided in subsection (4)(b), a security interest in an accession is subordinate
17 to a security interest in the whole that is perfected by compliance with the requirements of a
18 certificate-of-title statute under 30-9-331(2).19 (b) A security interest in an accession has priority over a security interest in the whole that is
20 perfected by compliance with the certificate of title requirements under 30-9-323(2), if the security
21 interest in the accession is a purchase money security interest that is perfected when the debtor receives
22 possession of the accession or within 20 days after the debtor receives possession.23 (5) After default, subject to part 6, a secured party may remove an accession from other goods
24 if the security interest in the accession has priority over the claims of every person having an interest in
25 the whole.26 (6) A secured party that removes an accession from other goods under subsection (5) shall
27 promptly reimburse any encumbrancer or owner of the whole or of the other goods, other than the debtor,
28 for the cost of repair of any physical injury to the whole or the other goods. The secured party need not
29 reimburse the encumbrancer or owner for any diminution in value of the whole or the other goods caused
30 by the absence of the accession removed or by any necessity for replacing it. A person entitled to

1 reimbursement may refuse permission to remove until the secured party gives adequate assurance for the
2 performance of the obligation to reimburse."

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4 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2001.

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